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TAGS: [KNNP](#) [EFIN](#) [PARM](#) [PGOV](#) [ETRD](#) [MT](#)
SUBJECT: MALTA TO PREVENT UK-BASED IRANIAN BANKS FROM
ACCESSING MALTA'S EURO PAYMENT SYSTEM

REF: A. SECSTATE 29855
[1](#)B. VALLETTA 89

Classified By: DCM Jason Davis for reasons 1.4 (b) and (d).

[1](#)1. (C) In an April 1 meeting with new Maltese Finance Minister Tonio Fenech, Ambassador drew on Ref A points to urge Malta not to allow Iranian banks to use Malta's Euro payment system. Bank Melli had been singled out in UNSCR 1803 as an entity of particular concern, the Ambassador pointed out, and both banks had been designated by the U.S. under E.O. 13382.

[1](#)2. (C) Fenech said the Malta's Central Bank and the MFSA (Malta Financial Services Authority) were "unhappy" about the Iranian attempt, and had immediately looked for ways to "block it" but that there appeared to be no clear "legal mechanism" for doing so since there seemed to be no EU sanctions on the banks in question. That said, "we are definitely blocking it, and will continue to do so," Fenech said. Malta's FIU was currently "investigating" the Iranian request, and various other interim measures would be employed to make certain that the transactions did not occur. There was some concern that the Iranian banks might "take us to court" to force action, but this did not seem likely.

[1](#)3. (C) MinFinance Permanent Secretary Alan Caruana, who also attended the meeting, informed the Embassy earlier that Malta had issued two legal notices to the financial community, Legal Notice 14: United Nations Sanctions Iran Regulations, 2007, and Legal Notice 116: United Nations Iran Further Sanctions Regulations, 2007. These notices provide, inter alia, for the freezing of "any funds, other financial assets and economic resources which are in Malta on or after the 23rd of December 2006 and that are owned or controlled directly or indirectly by the persons or entities designated (by the UN for proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems) or by persons or entities acting on their behalf or at their direction, or by entities controlled by them." The monitoring of these sanctions is carried out by the Sanctions Monitoring Board located at the Economic and European Affairs Division of the Ministry of Foreign Affairs.

[1](#)4. (C) Ambassador informed Minister Fenech that Treasury U/S Levey would be visiting Malta in two weeks' time, and would be seeking a meeting with the Finance Minister and others. Borg said he welcomed the visit and looked forward to meeting Undersecretary Levey.
BORDONARO